OREGON ACCOUNTING MANUAL

STATEWIDE POLICY

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Pages 1 of 3

Division
Chief Financial Office

REFERENCE/AUTHORITY
ORS 291.405 - Assessment of State Agencies for Mass Transit Purposes
ORS 291.407 - Mass Transit Assistance Account

Policy Owner
Statewide Accounting and Reporting Services

SUBJECT
Mass Transit Tax

APPROVED SIGNATURE
George Naughton, Chief Financial Officer
Signature on file

PURPOSE
This policy provides guidance on the assessment and distribution of Oregon state government’s mass transit tax.

APPLICABILITY
Any agency, maintaining a branch, office, or other physical location within the boundaries of a mass transit district or transportation district is subject to the provisions of this policy.

FORMS/EXHIBITS/INSTRUCTIONS
None.

DEFINITIONS
Click here for other definitions.

EXCLUSIONS AND SPECIAL SITUATIONS
None.

GENERAL INFORMATION
All employees whose official station is within the boundaries of a mass transit or transportation district are subject to a state-paid payroll assessment of not more than 0.6% of gross wages. All agencies must send, or make available the appropriate amount of tax, to the Department of Administrative Services (DAS) for deposit in the Mass Transit Assistance Account. DAS subsequently distributes the funds to mass transit and transportation districts throughout the state.

POLICY
.101 The Oregon Department of Transportation (ODOT) conducts an annual review of the mass transit tax rate and communicates to DAS. This ensures agencies are not over-assessed and that mass transit and transportation districts are receiving the appropriate amount allowed by statute. Mass transit tax rates are adjusted as necessary to ensure that no more than a prudent surplus is maintained in the Mass Transit Assistance Account.

.102 The US Department of Health and Human Services has interpreted the cost principles under OMB’s Uniform Guidance, such that the mass transit tax is not a qualifying payment for reimbursement with federal funds. Therefore, salaries paid with federal funds are exempt from the mass transit tax.
.103 The availability of mass transit for employees and those doing business with state government is a benefit to those agencies located in mass transit or transportation districts. In exchange for payments made to these districts, which are authorized under ORS 291.405 and 291.407, the state and its agencies are exempt from any parking code requirements for existing state-owned buildings. This includes construction of new state buildings or the renovation of existing state buildings that have been or may be established by any political subdivision within the boundaries of a mass transit or transportation district receiving such payments.

**PROCEDURES**

.104 The ODOT Rail and Public Transit Division, which oversees the state’s mass transit and transportation districts, will send written documentation to inform DAS Financial Business Systems of any changes associated with mass transit boundaries or rates.

.105 Based on the boundary and rate information provided, each valid position in the state human resource information system (Workday) links to a work location by ZIP code. In addition, all valid mass transit codes (listed below) link to a corresponding ZIP code. When an employee is attached to the position, the ZIP code associated with the appropriate mass transit district automatically links to the following mass transit codes:

- **C** – Tillamook County
- **E** – Sunset Empire (Astoria, Hammond, Seaside, and Warrenton)
- **H** – Hood River Transit District
- **K** – Basin Transit Service District (Klamath Falls)
- **L** – Lane County Mass Transit District
- **M** – South Clackamas Transportation District (Molalla)
- **R** – Rogue Valley Transportation District
- **S** – Salem Transit District
- **T** – Tri-County Metropolitan District (Portland)
- **X** – Not Subject (All Others)
- **Y** – Lincoln County (Lincoln City, Newport, Siletz, and Waldport)

.106 For agencies using the Statewide Financial Management Application (SFMA), will automatically generate mass transit tax and move the generated funds to the Mass Transit Assistance Account. Salaries paid with federal funds are exempt from mass transit tax. Federal funds are designated in SFMA, either by the position, or portion of the position having a federal fund PCA(s) in Workday. These PCAs look up federal D23 funds in SFMA. Agencies may take an overall mass transit reduction via SFMA’s D54 screen, Table ID: PARM. It is the agency’s responsibility to document and ensure the federal, non-federal split is accurate.

.107 The Statewide Financial Management Services staff monitors agencies payroll payables, including mass transit, compared to DAS’s receivables to ensure both sets of transactions balance and are reimbursed timely.
.108 For agencies on the Oregon State Payroll Application (OSPA) and not on SFMA, OSPA calculates the mass transit amount due.
   
a. DAS, Shared Financial Services (SFS), invoices the agency.

b. Non-SFMA agencies are responsible to pay the mass transit tax to SFS monthly.

.109 DAS SFS is responsible for the following mass transit processes:

a. Deposit mass transit tax receipts from non-SFMA agencies in the Mass Transit Assistance Account.

b. Distribute the mass transit tax quarterly to the appropriate districts based on calculations and reports identifying tax revenue levied/collected on behalf of the districts.

c. Coordinate resolution of all subsequent adjustments by a state agency or a mass transit or transportation district. Research and resolve questions concerning over-assessment and under-assessment of taxes. Assure proper payments are made to resolve negotiated adjustments.

d. Coordinate with the ODOT Rail & Public Transit Division, as necessary, to provide information and resolve disputes.